



# Enterprise & Industry *magazine*



## ■ Main EU funding opportunities for SMEs

- A word from the SME Envoy
- Survey reveals European tourism trends
- Innovation and raw materials
- A new industrial revolution

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## Enterprise & Industry magazine

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# LATEST TRENDS IN EUROPEAN T



*Tourism has a huge impact on the EU economy affecting up to 14 million jobs. A 2012 survey offers an interesting insight into the preferences of European tourists and shows that 73% of the EU respondents plan to travel this year.*

According to the Eurobarometer survey the majority (52%) intend to visit a destination in their own country, while 37% plan to take a holiday outside their borders, while staying within the borders of the EU. Unsurprisingly, sunny countries are the big draws with Spain leading the pack as the top destination, followed by Italy, France and Greece. And while just over a quarter will limit their holiday to three nights or less, 41% still plan to take a longer break somewhere between 4 and 13 consecutive nights.

## What tourism can do for the EU

It is clear that tourism plays an important role in the EU economy. Across this sector, 1.8 million companies, including small to medium-sized enterprises (SMEs), account for 5% of the EU gross domestic product (GDP) and employment. In real terms this means that between 12 and 14 million Europeans find jobs tied in some way to tourism. Such jobs can have an effect on other sectors as the tourism infrastructure feeds local development and can take up the slack after jobs are lost due to a decline in other activities.

## European travel in 2011

The Eurobarometer survey helps to identify the attitudes of EU citizens towards tourism. Most Europeans travelled in 2011, with the poll indicating that 72% of them went away for either business or pleasure for at least one night.





# OURISM

© Martin Le Pignat (Magasin)

Evaluating each country individually also reflects this trend, with at least 50% or more of a country's citizens travelling for one or more nights.

At the same time, the younger people were more likely to travel in 2011. A total of 79% of 15 to 24-year-olds went away for one night compared to 65% for those over 55.

## Choosing a destination

Many EU citizens rely on personal recommendations to make decisions about where to go on holiday: more than 50% said they consider a destination because a friend, colleague or relative recommended it. At the same time 40% indicated information on the internet played a part in their decision.

Most EU residents prefer arranging their holidays by themselves, with 53% of Europeans booking trips and accommodation via internet. Nights are spent mostly in hotels or rented accommodation and this applies both to short trips and longer stays of four days or more.

Nearly half of those surveyed go away to get some rest and recreation, which includes spa holidays. Sun and beach holidays were favoured by 28%, whereas enjoying nature (mountains, lakes, landscapes) was the motivation for 18% of EU holiday makers. A third went on holiday to spend time with their families. ■

## Editorial

Small and medium-sized enterprises (SMEs) are the European economy's driving force for growth and innovation. In recent years, they have been responsible for the creation of 85% of all new jobs in the 27 Member States. Through several initiatives and programmes, the European Commission is determined to help ensure that SMEs can continue to flourish despite the trying economic circumstances.

The lead feature of this issue presents an overview of the main **EU funding opportunities** available to SMEs. We also take a look at how the **Enterprise Europe Network** provides tailor-made support to identify and access these opportunities.

Another example of the European Commission's strong commitment to support small businesses is the position of the **SME Envoy**. In an exclusive interview, Daniel Calleja Crespo explains his tasks and talks about the challenges of the future.

To thrive in the market, companies undeniably need to be innovative. After all, finding new solutions to pressing problems is crucial for realising the Europe 2020 objectives of 'smart, sustainable and inclusive growth'. In this issue we investigate how Europe is performing in the **innovation** stakes in comparison with its main international competitors.

Speaking of innovation, **raw materials** play an important role in several sectors. Here, a new European Innovation Partnership is expected to bring Europe to the fore when it comes to exploring, processing and even recycling raw materials. Indeed, a boost in the raw materials sector would definitely be a giant step forward for the Innovation Union.

We also discover how the European Commission is developing ways for a **new industrial revolution** in Europe so as to boost sustainable growth and create jobs.

By the way: we, the editorial team, share this desire for innovation. That's why we have given our magazine a new and more reader-friendly layout. We hope you enjoy reading it!

# MAIN EU FUNDING OPPORTUNITIES FOR SMEs

*Big multinational companies tend to secure the lion's share of Europe's media coverage, with lots of articles being written about their activities and plans. However, the reality is that small and medium-sized enterprises (SMEs) are a crucial driver for our economy, representing more than 98% of European businesses. SMEs can benefit from EU support in different forms and a recent guide presents a useful overview of the main opportunities available to them.*

SMEs are the real backbone of the European economy. They generate two-thirds of private sector employment and accounted for about 85% of new job creation over the past five years. But the current economic downturn is making life hard for SMEs and they are very much in need of a helping hand to navigate these choppy economic waters. The European Commission is therefore pulling out all the stops to support SMEs in order to promote innovation and job creation.

In the words of Antonio Tajani, Vice-President of the European Commission in charge of Industry and Entrepreneurship, 'SMEs are key in ensuring the economic recovery of the European Union. This is why they should be encouraged wherever possible'.

The EU is therefore working towards promoting entrepreneurship and creating a friendlier business environment for small businesses to help them realise their growth potential. As good a place to start as any for an overview of what the EU does for SMEs, is the **European Small Business Portal**. This website brings together all the information provided by the EU on and for SMEs, ranging from practical advice to policy issues, from local contact points to networking links.

Another way in which the EU can help is to offer SMEs funding opportunities. Here, EU support for SMEs comes in various forms, such as grants, loans and, in some cases, guarantees. The support is available either directly or through programmes managed at national or regional level, such as the European Union's Structural Funds.

Accessing funding is a key concern for SMEs, especially in the context of the current financial and economic crisis. In 2012, the European Commission has updated a guide on the subject, entitled 'An overview of the main funding opportunities available to European SMEs'. The whole document can be read in the newsroom of DG Enterprise and Industry website (see box).

This guide aims to present an overview of the main European programmes available to SMEs and contains succinct and well formulated information about specific funding opportunities as well as the main websites for each programme. ►

## Improving access to finance

In December 2011, the European Commission published a survey showing that difficult access to finance is among the top concerns (15%) of SMEs. It also set out an EU action plan to improve access to finance for SMEs via a range of proposals. The plan contains financial products to ease access to bank lending, with an amount of at least €20 billion allocated to SMEs from the new EU Multiannual Financial Framework (2014–2020). It also covers actions to improve the venture capital market.

In that sense, the European Commission came forward with a proposal that aims to make it easier for venture capitalists to raise funds across Europe for the benefit of start-ups. The approach is simple: once a set of requirements is met, all qualifying fund managers can raise capital under the designation 'European Venture Capital Fund' across the EU. No longer will they have to meet complicated requirements which are different in every Member State. The idea is that, by introducing a single rulebook, venture capital funds would have the potential to attract more capital commitments and become bigger.





## Where to find information:

The website of the Directorate-General for Enterprise and Industry presents information on SME policies and access to finance. 'An overview of the main funding opportunities available to European SMEs' can be found in the newsroom under 'Publications'.

<http://ec.europa.eu/enterprise/>

The Your Europe Business Portal gives individuals and businesses practical information on their rights and opportunities in the EU as a whole and in the individual Member States, including information on EU and national funding opportunities:

<http://ec.europa.eu/youreurope/business/>

The European Small Business Portal:

<http://ec.europa.eu/small-business/>

and its section devoted to obtaining funding:

[http://ec.europa.eu/small-business/funding-partners-public/finance/index\\_en.htm](http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm)

Guide to EU definition of SME:

[http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm)

## IN A NUTSHELL

By and large, EU funding opportunities can be divided up into four main categories.

### 1. Thematic funding opportunities

Thematic funding covers specific objectives such as environment, energy, transport, research and innovation, education and training, culture and media. Therefore, the relevant programmes, which are managed directly by the European Commission, offer opportunities in many sectors of the economy. SMEs or other organisations can usually apply directly for the programmes, generally on condition that they present sustainable, value-added and transnational projects.

Depending on the programme, applicants can also include industrial groupings, business associations, business support providers and/or consultants. Generally speaking, the EU's support comes in the form of subsidies which only cover part of the costs of a project, known as co-funding. The European Commission publishes calls for proposals in the Official Journal of the EU. All the available programmes are also detailed by category on the Contracts and Grants website of the European Commission.

Two examples of specific objectives are training for young entrepreneurs and research and innovation. The one for young entrepreneurs is particularly relevant given the difficulties facing many young Europeans in finding jobs. It is called Erasmus for Young Entrepreneurs and began in 2009. It provides practical and financial assistance for new entrepreneurs who wish to spend some time in an enterprise in another EU country and thus learn from experienced entrepreneurs.

In the area of innovation and research, a major funding opportunity is the Seventh Framework Programme for Research and Technological Development (2007–2013) or FP7 for short. FP7

pays special attention to the SMEs through its different programmes:

'Cooperation' (circa €32.3 billion),  
'Ideas' (circa €7.5 billion),  
'People' (circa €4.7 billion),  
'Capacities' (circa €4 billion).

The indicative budget for the SME specific actions is around €1.3 billion. SME Techweb is another useful website worth exploring. This is the European Commission's research portal for SMEs, providing information and resources for technology-oriented SMEs wanting to apply for research funding through FP7. A list of SME National Contact Points (NCPs) for FP7 is also available. The European Commission supports this network to provide practical information, assistance and training to potential participants and contractors.

The Directorate-General for Research and Innovation also has a Participant Portal, which is an entry point for the electronic administration of EU-funded research and innovation projects and which hosts the services for managing your proposals and projects throughout their lifecycle. Currently the portal covers mainly actions under FP7 but, in the future, its coverage will be extended to other research and innovation programmes.

**The 'Contract and Grants' page on the Europa website gives an overview of all EU programmes and instruments:**

**[http://ec.europa.eu/contracts\\_grants/](http://ec.europa.eu/contracts_grants/)**

### 2. Structural funds

Major EU funding instruments benefiting SMEs are known as the 'Structural Funds' and include the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The aim is to reduce structural disparities in the development of EU regions, as well as to promote economic and social cohesion within the EU. The European Commission co-finances activities in a broad range of areas. However, the programmes are managed and the projects selected at national and/or regional level. Potential beneficiaries should therefore contact the relevant Managing Authority in their own Member State or region.

**To find the Managing Authorities in their area, SMEs can visit the websites:**

**[http://ec.europa.eu/regional\\_policy/manage/authority/](http://ec.europa.eu/regional_policy/manage/authority/)**  
**[http://ec.europa.eu/employment\\_social/esf/](http://ec.europa.eu/employment_social/esf/)**





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### 3. Financial instruments

These are guarantees, loans and equity provided by the EU to financial intermediaries, who can then lend to small businesses or make available equity finance. Such schemes do not provide direct funding to SMEs, but are usually processed through financial intermediaries such as banks, credit institutions or investment funds. They are intended to increase the volume of credit available to SMEs and to encourage these intermediaries to develop their SME lending capacity.

An example is the Competitiveness and Innovation Framework Programme (CIP) which has earmarked €1,130 million for its financial instruments for the period 2007–2013. These instruments offer possibilities for loan guarantees and equity finance and are managed by the European Investment Fund (EIF) on behalf of the European Commission. Individuals or businesses wishing to apply for guaranteed financing should contact one of the financial intermediaries that have signed an agreement with the EIF.

Up to 2011, more than 155 000 EU businesses have successfully found financing for their development via CIP. One example is a chocolate boutique shop in Antwerp, Belgium called Karelicious, which received an EU guaranteed loan of €12 000 from the Belgian financial intermediary Fonds de Participation. Another is Fluxome AS, a biotechnology company that is active in the natural dietary supplements' business.

'The five million euro invested through the Capricorn Cleantech Fund allowed us to achieve large-scale production and commercialisation. We progressed from 'proof of concept' to a successful commercial market introduction in 2009. With the help of CIP funding, Fluxome has, within a short time frame, developed from a start-up company to a product and sales-oriented organisation,' says Fluxome's President and CEO Steen Andersen. The European Commission has already put forward a proposal to strengthen these financial instruments for the 2014–2020 period. The plan is for €1.4 billion to be allocated to this tool under COSME, the new Programme for the Competitiveness of Enterprises and SMEs (see page 12).

To find out if an SME is eligible to apply for a loan or to look for a source of CIP loan finance in their country, SMEs can visit the website:

<http://access2finance.eu/>

SMEs might also find it interesting to visit the EIF webpage:

[http://www.eif.org/what\\_we\\_do/](http://www.eif.org/what_we_do/)

### 4. Support for the internationalisation of SMEs

In a globalised world, SMEs need to be able to face up to increasing competition from developed and emerging economies and to plug into the new market opportunities these countries will provide. There is a direct link between internationalisation and increased SME performance. International activities reinforce growth, enhance competitiveness and support the long term sustainability of companies.

Support provided by the EU in this area generally consists of assistance to intermediary organisations and public authorities. For example, EU business centres helping European SMEs to enter non-EU markets have been established in India, China and Thailand. These centres provide business support services including matchmaking, market access assistance, guidance on regulatory issues, and IPR.

Another example of support for internationalisation is the EU Gateway Programme in Asia. The aim of this programme (2008–2015) is to promote the introduction of European products to the Japanese and South Korean markets, complementing export promotion activities undertaken by individual Member States in the EU industrial sectors that are considered to have high potential in Japan and/or South Korea (healthcare and medical technologies, construction and building technologies, information and communication technologies, environmental and energy-related technologies, interior design, fashion design). Participating SMEs receive indirect support through the organisation of trade missions in order to facilitate cooperation, as well as financial and specific logistic assistance.

#### Where can SMEs get help locally?

The wide range of funding opportunities available can make it difficult for SMEs to identify the ones that best suit their business profile and projects. A good way to investigate whether there are any EU programmes able to help with the financing of an SME project is to contact a branch of the **Enterprise Europe Network in the country where the SME is based**. The Network offers business support and tailor-made advice in the Member States and beyond: discover more on page 10.

To find the nearest Enterprise Europe Network contact point, visit their website:

<http://www.enterprise-europe-network.ec.europa.eu/about/branches>



DANIEL CALLEJA CRESPO

## A WORD FROM THE SME ENVOY

*Daniel Calleja Crespo is the European Commission's SME Envoy, ensuring an active interface with small and medium-sized enterprises (SMEs).*

SMEs are a key driver in the European Union's economic landscape, providing millions of jobs and triggering innovation. The figures speak for themselves: 98% of all businesses in the 27 Member States have fewer than 250 employees.

So it's little wonder that responding to their needs and removing barriers for start-ups is a top priority for the European Commission. Its Small Business Act for Europe includes a wide-ranging set of measures designed to make life easier for small businesses.

*Enterprise & Industry magazine* has met Mr Calleja to discover more about the mission of the EU SME Envoy and that of national Envoys appointed by Member States.

*'The network of SME Envoys is a huge step forward in the governance of the Small Business Act for Europe.'*



### Mr Daniel Calleja Crespo

Mr Daniel Calleja has been the Director General of the European Commission's Directorate-General for Enterprise and Industry since 1 February 2012. He is the Special Envoy for small and medium-sized enterprises (SMEs).

Daniel Calleja was the Deputy Director General of DG Enterprise and Industry from February 2011 to January 2012, and as such in charge of internal markets for goods, competitiveness and innovation, SMEs and entrepreneurship, international negotiations, as well as tourism. Mr Calleja was Director for Air Transport at the European Commission from November 2004 to February 2011, in charge of the single European aviation market and its external dimension. He has successfully negotiated the EU-US Open Skies Agreement, on behalf of the EU. He was the Chairman of the Air Safety and the Single Sky Committees and Chairman of the Board of the SESAR Joint Undertaking. Between 1999 and 2004, he was Head of Cabinet of the Vice-President of the European Commission, responsible for Transport, Energy and relations with the European Parliament, Mrs Loyola de Palacio.



***What is the role of the European SME Envoy?***

SMEs are the backbone of the European economy. Therefore, the Commission has decided to think first about small businesses. As the SME Envoy of the Commission, it is my role to promote the interests of small businesses within the EU. On the external side, this means that I have a lot of contacts with SME stakeholders in order to listen to their needs and concerns. On the internal side, my role is also to ensure that all Commission services think first and foremost about small businesses.

***Why was the network of national SME envoys set up?***

Promoting the interests of SMEs cannot be done by the European Commission alone. The Treaty has given to the EU a supporting role in SME policy; the competences are largely with Member States. Therefore, Vice-President Tajani invited all 27 Member States to appoint a national SME Envoy. It is only in close cooperation between the European Commission and national authorities that we can make concrete progress in the implementation of the Small Business Act for Europe. It is also important for me as the EU SME Envoy to have one interface in each Member State. And of course, the involvement of the small business community is crucial. Therefore, the network of SME Envoys always meets with the full participation of the EU-wide SME organisations.

***What have been the main achievements of the network of national SME envoys so far?***

The network of SME Envoys is a huge step forward in the governance of the Small Business Act for Europe. We are aiming for concrete deliverables by the end of 2012. Firstly, it should be possible in each Member State to start a business in less than three days and for less than €100. Secondly, the access to finance should be improved across the EU. Thirdly, SMEs should get a bigger share in public procurement. Fourthly, all regulatory initiatives should be submitted to an SME test to ensure that legislation takes into account the impact on SMEs. The peer pressure in the Network is helping a lot and Member States have already made progress toward these key deliverables.

***What is the best starting point for an SME looking for funding or advice on how to market goods or services in another EU country?***

There are 23 million SMEs in the EU. Information for SMEs needs to be delivered locally at their doorstep and in their language. Therefore, we have created the Enterprise Europe Network as the local entry point for SMEs looking for advice. The Enterprise Europe Network provides information and advice on EU funding opportunities or on market opportunities in the language of the SME. It helps SMEs to find business partners in other countries and it gives advice on how to overcome

regulatory obstacles. To provide these services close to home for the SMEs we have 600 network hosts everywhere in the EU and even beyond the EU borders.

***What are the top three activities that the EU is doing to help SMEs?***

In the current economic climate, the top priority is facilitating access to finance. SMEs are struggling to get funding. The EU is helping them with specific financial instruments for SMEs via the European Investment Fund. In addition, we are reforming the regulatory framework in order to increase the availability of venture capital in the EU. The second priority is to cut red tape. Cutting red tape frees valuable resources so that entrepreneurs can focus on growing their business. For example, whenever the Commission prepares a legislative initiative, we consider first how we can minimise the regulatory burden for small businesses. The third priority is to support SMEs in expanding into growth markets outside the EU. Only an eighth of European SMEs are active beyond the EU. We are establishing a toolkit for SMEs so that they have full access to the information or support services they need.

***Can you explain one initiative where the Commission is trying to help SMEs get access to finance?***

To help SMEs to finance their growth, the Commission uses financial instruments in the Competitiveness and Innovation Framework Programme. These financial instruments include both loan guarantees and equity finance. They are implemented by the European Investment Fund via financial intermediaries in the Member States. I would like to point out particularly the impressive leverage effect of these financial instruments: with €1 billion of EU money, we can leverage €30 billion of new lending to SMEs.

***Do you believe that SMEs can lead the EU out of the economic crisis and, if so, how?***

In recent years, 85% of new jobs have been created by SMEs. This clearly shows that SMEs are the driver of job creation in Europe. SMEs are crucial for restoring growth in the EU. However, I regret that too few Europeans consider setting up their own business. To get out of the crisis, we do not only need to create the best conditions for SMEs to grow, but also for entrepreneurs to start a business. ■



# YOUR GATEWAY TO EU FUNDING

*Small and medium-sized businesses (SMEs) in the European Union are of vital importance for economic growth. The Enterprise Europe Network is the world's biggest business support network: in addition to providing SMEs with strategic services to enable cross-border cooperation, the Network offers valuable information and advice on how to access EU funding.*

Businesses in search of trustworthy technological and commercial partners or access to EU funding can benefit from a one-stop shop – the Enterprise Europe Network.

With branches around the globe, the Enterprise Europe Network is eager to support European and international SMEs – as well as entrepreneurs, universities, research centres and other organisations – in a variety of fields.

Comprising of 600 organisations throughout the EU and in 23 countries in the Americas, Asia, Africa and Middle East, the Network offers comprehensive advice and assistance to entrepreneurs free of charge. After only four years in operation, more than three million SMEs have already profited from its support.

## SME access to EU funding

Among the many services of the Network, the information and advice it can provide on EU funding appear to be particularly appreciated by enterprises.

In fact, there are myriad opportunities to tap into funding from several EU programmes, such as the Competitiveness and Innovation Framework

Programme (CIP) and the Seventh Research Framework Programme (FP7), to name just two examples.

However, exactly the fact that there are so many possibilities can make it difficult for enterprises to identify the ones that best suit their business profile. That's where the Enterprise Europe Network comes into play by offering tailor-made advice.

For example, Network experts can assist SMEs in identifying their potential, needs and relevant funding opportunities, formulating project ideas, increasing their proposal-writing and project management skills.

## Tailor-made support in France

'The basic idea behind the Enterprise Europe Network is to have a single entry point to take care of the complexity of the system,' says Christian Dubarry, a Network expert based at Oséo in Paris. 'We help match up SMEs that have a certain expertise with large companies or academic institutions that are putting together a research consortium or are leading their own consortium. Businesses in high-tech industries are ideally suited for such matchmaking, including ICT, life sciences and advanced materials,' explains Dubarry. 'In the recent years, Oséo has supported annually more than 100 SMEs applying for FP7/CIP funding.' For example Audionamix, a French SME in the field of sound processing is trying to expand into the rest of Europe through collaborative projects. The company participates in i3DMusic, an EU-funded programme that aims to integrate separation techniques and spatial sound to propose new systems for DJs.



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## And in Portugal the word is out about the Network

In Portugal, nine Enterprise Europe Network partners have served more than 7 400 clients through a wide range of events including seminars, training sessions and business-to-business meetings. Helena Moura, Network expert based at IAPMEI, the Portuguese Institute for SME and Innovation, says the Enterprise Europe Network helps companies meet application deadlines by informing them about research funding and necessary partnerships as soon as they become available.

She adds: 'For many companies, going through this process for the first time is not easy, so we must be very fast.' Removing obstacles definitely pays off, and thus the word is out and the demand for the Enterprise Europe Network's services is on the rise throughout the EU. 'When we started, we were contacting people and organisations to tell them about our services,' Moura says. 'Now, they're coming to us. We are being invited to events all over Portugal.' ■

## Contact

Visit the Enterprise Europe Network's website for complete information, including an interactive map to find the nearest branch office.

<http://www.enterprise-europe-network.ec.europa.eu>

## New treatment against cancer

One of the most important processes within a human body is cell division. However if cells divide abnormally it leads to cancer. Thanks to the Enterprise Europe Network, two European SMEs have teamed up to develop a breakthrough cancer treatment, while the EU funding programme Eurostars provided them with €500 000. Sentinel, a small pharmaceutical company from Cambridge, in the United Kingdom, has been developing a drug dealing with DNA-repair that has been shown to kill specific cancers. And Biovica, a biotechnology company from Uppsala, Sweden, has designed a test, which controls the level of cell division in cancer patients.

They combine the latest product with a new diagnostic method to treat acute myeloid leukemia, a blood cancer, causing death within months or weeks if untreated. 'The test is already available manually, but Biovica is now seeking a partnership with a major diagnostic company providing machines for clinical chemistry analyses to make the test available to the European Union public as soon as possible', says Biovica's CEO Simon Grionowitz. This test should be available both to cancer patients and for patients undergoing general check-ups. It should monitor the normal process of cell division and spot the abnormalities at a very early stage.

## High-tech mushroom-picking device

At the moment, only about half of all white button mushrooms are sold fresh due to the high costs of hand-picking. With more than €1 million in research funding, this is about to change thanks to 'Champi-ON', an EU-funded research project that will develop a fully automatic system for picking mushrooms to be sold fresh. Following the advice of the Enterprise Europe Network in Cyprus, a small local geo technology firm will play a key role in the project. 'Without the support of the European Union funding this research project wouldn't be able to run, and without the Enterprise Europe Network we would have never been able to join', says Stratos Styliandis, founder of Geomaging.

Through the Network, the Nicosia-based company got word of a Spanish-led research project to develop a new high-tech mushroom-picking device in the shape of a robotic hand. One of eight partners in Champi-ON, Geomaging will supply imaging technology to make the artificial hand 'see' which mushrooms are suitable for being sold fresh. Both industry and consumers should benefit greatly, since this type of mushroom is the most popular in the world. Such a system could revolutionise the European market, already one of the leading growers of this mushroom today, with an annual output of about 1.2 million tonnes.



# EU MEASURES FOR SMEs

## REAPING RESULTS

*The Competitiveness and Innovation Programme (CIP) promotes actions that address the challenges European industry is facing, with a special focus on the needs of small and medium-sized enterprises (SMEs). The programme has been successful in meeting its main objectives according to a recent report, which highlights several of its achievements. Building on CIP's results, its funding successor – the new Programme for the Competitiveness of Enterprises and SMEs (COSME) – is expected to further strengthen and streamline actions in this field from 2014 onwards.*

Two years ago the European Commission launched Europe 2020, the EU's strategy for the current decade, whose main priorities are smart, sustainable and inclusive growth. Smart growth implies developing an economy based on knowledge and innovation. Sustainable growth calls for making the EU economy and its production more resource efficient and competitive; whereas inclusive growth refers to a high-employment based economy delivering economic, social and territorial cohesion.

The CIP's performance report, published in March 2012, shows that the programme and its three sub-programmes – the Entrepreneurship and Innovation Programme (EIP), the Information and Communication Technology Policy Support Programme (ICT-PSP) and the Intelligent Energy Europe Programme (IEE) – have been financing activities that can contribute to meeting these objectives.

Thanks to the €3.6 billion earmarked for the period 2007–2013, CIP has been helping the start-up and growth of SMEs through better access to finance, offering business support services, creating a favourable environment to SME cross-border cooperation and promoting innovation.

### Improving access to finance

The financial instruments available under the EIP were set up to create leverage and address major market gaps identified with regard to SMEs' access to loans and private equity. By the third quarter of 2011, 155 350 SMEs had benefited from these instruments, which facilitated their growth and increased business prospects. Debt financing of €11.4 billion under guarantee schemes and investment volumes of up to €2.2 billion under venture capital allowed for creating or maintaining more than 186 000 jobs.



Over 155 000 SMEs  
have benefited  
from CIP's financial  
instruments

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A practical example is offered by BioTech GmbH, a company providing mobility solutions for patients in Hungary: Thanks to a loan obtained in the framework of CIP's financial instruments, Biotech was able to strengthen its production and research infrastructure, which eventually resulted in 28 additional employees hired in 2011.

### On the way to COSME

The Commission's proposals for the next Multiannual Financial Framework (2014–2020) include a programme for the Competitiveness of Enterprises and SMEs (COSME), which should continue on the path set out by CIP. The new programme will ensure continuity of the many successful features of the EIP, whilst simplifying their management so as to make it easier for small businesses to benefit.

With a proposed budget of €2.5 billion, it is estimated that COSME will contribute to an annual increase of €1.1 billion for the EU's Gross Domestic Product (GDP) through a leverage effect.

The main beneficiaries of COSME will be existing and future entrepreneurs. The programme aims at facilitating access to finance for SMEs, promoting an environment favourable to business creation and growth, encouraging an entrepreneurial culture in Europe, increasing the sustainability and competitiveness of EU companies and helping small businesses access new markets.



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## Supporting business and entrepreneurship

The Enterprise Europe Network, a business support organisation present in 50 countries, is another initiative successfully launched by CIP. The Network helps SMEs find business and technological partners, make the most of the EU's single market and access EU funding.

About two million SMEs turn to the Network yearly. More than half of the SMEs which had used its services confirmed that they accessed new markets or developed new products. The number of SME partnership agreements, combining business and technology partners, is growing steadily. Within the space of only three years, 4 300 cross-border cooperation agreements were concluded through the Network with a total impact on sales growth estimated at €450 million. Participating firms created 2 400 new jobs.

One beneficiary of the Network's services is for example Multi Protect, an Estonian micro-company developing environmentally-friendly fire retardants, which is now represented abroad by a UK company. Another beneficiary is Treemetrics, a firm launched by two former foresters who had pioneered a way to estimate the timber production capacity of trees before they are chopped down. Through the Network, the duo gained dozens of new clients worldwide.

## Promoting innovation

CIP has supported 134 eco-innovation projects, submitted largely by SMEs, in recycling, construction, green business and the food and beverages sector. Projects like Greenbottle, LeakCure and TiLeather demonstrate how SMEs benefiting from CIP funding then bring their innovative solutions

directly to the market. Greenbottle is the eco-friendly papier-mâché milk bottle, which reduces the plastic used by 25% and generates 50% less carbon. It is now available to consumers in the United Kingdom. LeakCure developed a technology, which self-penetrates the leakage, sealing and permanently repairing it; the first target end-user is Thames Water, a major water company in the United Kingdom. Another company, TiLeather, might have changed the way leather is tanned, replacing the outdated chrome tanning with a more eco-friendly 'chromium-free' process. Shoes made using this technology will be in shop windows in France and Spain already this summer.

Information and Communication Technology (ICT) and energy efficiency are other fields in which CIP promoted the development of promising projects.

## In a nutshell

The performance report concludes that several CIP's growth enhancing measures contributed to supporting competitiveness and encouraging sustainable innovation in the European economy.

Building on these results, the European Commission has put forward proposals for a new generation of programmes underpinning the EU's objectives in the areas of competitiveness, SMEs and innovation (see box). ■

*About two million SMEs turn to the Enterprise Europe Network yearly*

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# EU INNOVATION PUSH IN RAW MATERIALS

*The European Commission has put forward an ambitious European Innovation Partnership for raw materials whose objective is to establish Europe as the vanguard of raw material exploration, extraction, processing, recycling and substitution technologies by 2020. Central aims include ensuring a sustainable supply of raw materials for the European industry, as well as helping EU companies put innovative technologies onto the market along the entire value chain.*

Raw materials play a major role in several sectors, including high-tech ones, but their supply is often under pressure. Therefore, the new European Innovation Partnership (EIP) is a key piece of work for the European Commission in today's difficult economic climate because it could contribute to boosting Europe's competitiveness, equipping it with the ability to develop technologies and create the right environment for such technologies. Essentially, this will be done by bringing together governments, local authorities, companies, researchers and other interested parties to work out joint strategies. Pulling together capital and human resources should allow Europe to roll out innovative ways of supplying and using raw materials. The partnership covers a very broad area, from primary (virgin) raw materials to secondary (recycled) materials, whether they are hosted on land or on the seabed.

## Technological and non-technological targets

The European Commission has proposed a number of concrete targets to be achieved by 2020. On the technology side, these include, inter alia, up to ten innovative pilot actions (e.g. demonstration plants) for exploration, extraction and processing, collection and recycling. Substitutes for at least three key applications of critical raw materials should be developed as well.

Two examples of the targets on the non-technological side are to create a network of Research, Education and Training Centres on Sustainable Mining and Materials Management (M<sup>3</sup>) and a proactive EU strategy for its dealings with multilateral organisations and in bilateral relations in the areas covered by the European Innovation Partnership.



Other examples are demand-side instruments such as new industrial standards, certification processes or public procurement.

The background to all this is Europe 2020 – the EU's strategy for smart, sustainable and inclusive growth – and its Innovation Union flagship initiative. In a nutshell, the Innovation Union aims to improve conditions and access to finance for research and innovation in Europe, to ensure that innovative ideas can be turned into products and services that create growth and jobs. In addition, the EU's Industrial Policy flagship initiative refers to raw materials as one of ten actions to boost Europe's industrial competitiveness.

### Wide range of sectors covered, including metallic minerals

Sectors such as construction, chemical, automotive, aerospace, machinery and equipment, which provide a total value added of €1 324 billion and employment for some 30 million people, all depend on access to raw materials. These downstream industrial sectors will be involved in the partnership, as well as other sectors further up the supply chain of raw materials such as metallic minerals producers. The EU is currently highly dependent on imports of metallic minerals as its domestic production is limited to about three per cent of world production.

The potential benefits are considerable. For example, companies, in particular SMEs, operating to high environmental and social standards should benefit from faster dissemination of innovations and more favourable investment conditions, while European consumers should benefit indirectly through lower manufacturing costs as, for example, expensive raw materials that are difficult to obtain are replaced by alternative materials. In addition, there should be a positive impact on the environment thanks to reduced waste streams and better use of recycled products. Another big plus is that local, regional and national government organisations will be involved very early in the research and development process.

### Ongoing projects

And all of this will be building on the success of ongoing projects such as those funded by the EU's funding programme, the Seventh Research Framework Programme (FP7). One example of such a project is 'ProMine', which aims to improve the EU's knowledge base for actual and future deposits and is expected to develop the first ever pan-European mineral resources database and detailed 4D computer modelling system. Another recent example is 'I<sup>2</sup>Mine', a project that aims to develop innovative technologies and concepts for the sustainable and



intelligent deep mine of the future. This is essentially about automating the digging process in an environmentally-friendly way and ensuring maximum safety for workers.

The European Innovation Partnership is not a financing instrument, although there is a link with EU funding. Its objective is to streamline existing and new activities in the field of raw materials. To this end, the next step is now to adopt a 'Strategic Implementation Plan' in 2013. ■

*Several sectors depending on access to raw materials provide employment for some 30 million people*

### The pillars of raw materials

The new partnership is also related to the European Commission's Raw Materials Initiative, which established an integrated strategy to respond to the different challenges related to access to non-energy and non-agricultural raw materials.

This Initiative, launched in 2008 and renewed in 2011, is based on three pillars: ensuring a level playing field in the supply of raw materials from global markets, fostering a sustainable supply of raw materials from European sources, and boosting resource efficiency and promoting recycling.

For more, read the EU policy paper entitled 'Tackling the challenges in commodity markets and on raw materials'.

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# BUILDING A NEW INDUSTRIAL REVOLUTION IN EUROPE

*The European Commission is developing ways for a radical reshape of European industry so as to boost sustainable growth and create jobs. As part of that effort, it has launched a public consultation asking stakeholders for their input into a mid-term review of its industrial policy communication. This review will focus on developing a limited number of new initiatives that can deliver substantial results in the short to medium term.*

The rationale for this was neatly summed up by the European Commission Vice-President Antonio Tajani, responsible for Industry and Entrepreneurship. 'Europe's economy cannot survive in a sustainable way if it cannot rely on a strong and profoundly reshaped industrial base. [...] All efforts need to be undertaken to secure a modern, resource efficient, competitive and robust industry in Europe,' he said.

On 29 May, the European Commission also hosted a conference entitled 'Mission Growth: Europe at the Lead of the New Industrial Revolution'.

## The third industrial revolution

In his opening address, European Commission President José Manuel Barroso considered that the conference was particularly well timed. 'I am pleased to note that there is now a growing consensus, between political leaders and the public and within and outside the European Union, on the need for both stability and growth,' he said. '[...] The European Commission has pursued this twin track approach since the adoption of our Europe 2020 strategy for smart, sustainable and inclusive growth.'

Barroso underlined that 'we are reviewing our industrial policy to see what can be done to reinforce our policy with actions which will immediately stimulate growth and employment. Areas we are exploring include facilitating access to capital markets, for example, by developing no-bank finance for SMEs; facilitating the take-up of new technologies and innovations, including through speeding up the development of standards and improving market conditions for our economic operators, both in the internal market and in global markets.'

'Today is a good day because it's the beginning of the third industrial revolution,' said Tajani in his speech. 'Without a new industrial policy, there will be no growth and no jobs. That's why we organised

this working day. The Commission has opened its doors to start a debate on the new industrial policy of the EU.'

Tajani called for a new revolution that 'should accompany, with technological development, a more efficient and sustainable use of ever scarcer resources'. He added that 'the revolution affects many sectors, from manufacturing production to services, from energy to raw materials, infrastructure and transport, construction and tourism right through to chemistry' and 'will have technological development, the ability to adapt and new professional figures as guiding threads'.

'The next few years will be crucial,' he said, naming a number of potential drivers of this third revolution, including smart cities and smart grids, the car sector, renewable energies, buildings, sustainable tourism, chemistry and space.

Tajani also stressed the importance of training, noting the lack of engineers in Europe as an example.

Speaking on behalf of the Danish presidency of the EU, Denmark's Minister for Business and Growth Ole Sohn said that it was important to combine finance consolidation efforts with growth and stressed the importance of making the EU's Single Market work.

## Smart cities and smart grids

The real laboratories of new technologies are cities, where huge numbers of people live and use energy. In Tajani's view, energy, buildings, transport, lighting, waste and water management will have to become more sustainable. Smart grids are at the core of a future vision of cities as they can bring together digital technologies, satellite applications and electricity grids for the benefit of European citizens.



## A revolution based on five pillars

Another of the main speakers, the economist and policy adviser Jeremy Rifkin, set out his vision of a third industrial revolution, moving away from carbon-based fuels towards using renewable energies.

'The second industrial revolution is dying. Energies are becoming more expensive. Infrastructure, including the centralised electricity grid, is old and can't do the job. We're on the cusp of the third industrial revolution in Europe,' he said.

For him, the revolution is based on five pillars: reaching the EU's 20% renewable energy target by 2020; working out how to collect and redistribute energy; storage; creating a smart grid so that people who have excess green energy can sell it to people who need it; and transport and logistics (e.g. electric vehicles).

'We need to take the technical reports and for a narrative to come out so that younger people look to the future with hope,' he said. 'I don't think there is a "plan B". If there is, I haven't heard it. It's time now to execute this plan and it's up to all of us to make sure this happens,' he concluded.

## Industry's perspective

A panel discussion with representatives of industry ensued. The smart grid issue was picked up by General Manager of IBM Energy & Utilities and the Chairman of the Global Smart Grid Federation, Guido Bartels. Describing a smarter electricity grid as 'a critical underpinning of the other pillars [mentioned by Jeremy Rifkin]', he said that this 'should be first'. He pointed to an increasingly instrumented, intelligent and interconnected world in which it is possible to take data from almost any object, bring data together and mine it for insight using performance computers.

Marc Grynberg, the Chief Executive Officer of UMICORE, a materials technology company, argued that Europe does have the technology to accelerate to a low-carbon economy. 'The main work is to make the technologies more affordable [to accelerate the transition towards a low-carbon economy]. And this is something we are working on,' he added. He also bemoaned the shortage of scientists and engineers in Europe. 'We need to do something to promote engineering education, to make it socially more recognised, as it is in other regions such as in Asia'.

Patrick Deconinck, Senior Vice President of 3M expressed concern that 'quite often R&D work is done here in Europe and the development is done in emerging countries'. 'We need to do it here and we can,' he said.

José Manuel Entrecanales, the Chief Executive Officer of Acciona, a renewable energy company, argued for concrete projects. 'The transformation of the energy model can't happen overnight,' he said. 'It's about EU leadership. We can't fail on this one.'

Leadership was an issue also raised by Fulvio Conti, the Chief Executive Officer of energy company ENEL. 'Is there going to be a Europe tomorrow? We need to avoid a meltdown of Europe. We need to overcome the lack of leadership in Europe,' he said. He lamented the lack of coordination in Europe, with 'everyone doing their own thing'. 'There is no common market for technologies, for electricity, for importing gas/oil,' he added. He also pointed to contradictions in the EU, such as 'the French market being 70% nuclear while German is abandoning nuclear energy'. 'We need to resolve this. These are contradictions that the EU should try to resolve,' he said.

Conti also argued that the third revolution 'is already happening' and that there are good examples of companies moving in this direction. He said that 50% of ENEL's output is renewable and carbon-free and pointed to a big growth in photovoltaic in Italy.

Alain Berger, the Vice-President of Alstom, said that it was 'good that industrial policy is no longer a taboo word in Europe'. 'It is time to develop industrial policy,' he said. He also argued in favour of the "cluster approach", combining universities, industry and a sectoral approach.

Giorgio Squinzi, the President of Confindustria and President of the European chemicals federation CEFIC, said that 'manufacturing is going digital' and that 'an action plan for a new industrial policy moving towards a sustainable economy is needed'. He said that the summit of EU leaders in June 'must take concrete decisions', including an economic recovery plan. He also noted that access to finance is an urgent issue as companies are closing down because they are unable to obtain credit.

The European Commission's public consultation on the new industrial policy is open for contributions till 7 August. Through a separate consultation, the Commission is also gathering inputs from stakeholders and citizens on how the demand for European innovations can be increased. ■

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# HOW TO BOOST THE EU'S INNOVATION PERFORMANCE



*This year's Innovation Union Scoreboard shows that most Member States have improved their innovation performance. This allows the European Union to maintain a clear lead over the emerging economies of China, Brazil, India, Russia, and South Africa, but not to close the existing gap with innovation leaders such as the United States, Japan and South Korea. More efforts are therefore needed so as to address the EU's weaknesses. One area in the spotlight is related to firms' innovation activities.*

The Innovation Union Scoreboard gives a comparative assessment of the research and innovation performance of the Union's 27 Member States (EU 27) and the relative strengths and weaknesses of their research and innovation systems. Its main purpose is to help European Union countries work out which areas they need to focus on to boost their innovation performance so as to improve their competitiveness in the global economy.

The Scoreboard should be looked at in the framework of Europe 2020, the strategy for the coming decade, which is designed to ensure smart, sustainable and inclusive growth for the EU's Member States by helping them to achieve objectives in areas such as employment, innovation, education, social inclusion and energy by 2020.

## The main results within the EU

According to the Scoreboard, some Member States are already performing extremely well in the field of innovation not only at EU, but also at global

level. However, the results are uneven throughout the EU. The analysis puts Member States into the following four country groups:

- **Innovation leaders:** Sweden, Denmark, Germany and Finland.
- **Innovation followers:** Belgium, the UK, Netherlands, Austria, Luxembourg, Ireland, France, Slovenia, Cyprus and Estonia with a performance close to that of the EU27 average.
- **Moderate innovators:** Italy, Portugal, Czech Republic, Spain, Hungary, Greece, Malta, Slovakia and Poland perform below the EU27 average.
- **Modest innovators:** Romania, Lithuania, Bulgaria and Latvia are well below the EU27 average.

*'This year's results are a clear warning that more efforts to boost innovation are needed. If we want to close the gap with our main economic partners and to overcome the current crisis, innovation deserves all our attention,' said Antonio Tajani, European Commission Vice-President in charge of Industry and Entrepreneurship. 'In particular I count on enterprises as they have proven to be the key to success in innovation. But successful start-ups in other parts of the world show that some lessons still need to be learnt in Europe.'*



## Public-Private partnerships increase innovation

In fact, at the top of this year's Scoreboard, all of the innovation leader countries have higher than average scores in public-private co-publications. This suggests that there are good linkages between the science base and enterprises. The most innovative countries also excel in the commercialisation of their technological knowledge, as shown by their good performance on license and patent revenues from abroad.

Another key factor that all EU innovation leaders – Finland, Sweden, Denmark and Germany – had in common is that they perform very well in terms of R&D expenditure, including those of firms, and in other innovation indicators related to firm activities.

The top European Union innovation performer Sweden dominates in three out of eight innovation areas: human resources, finance and support, and firm investments. Germany and Denmark were the best performers in two innovation areas each (linkages & entrepreneurship and intellectual assets versus innovators and economic effects).

At the bottom end of the Scoreboard, a common feature of the moderate and modest innovator countries is that they have unbalanced research and innovation systems. In particular, the numbers of SMEs in these countries that are introducing product or process innovations or marketing and organisational innovations is very low.

## The EU compared to its major global competitors

On average, the European Union still has a clear lead over the emerging economies of China, Brazil, India, Russia, and South Africa (the so-called BRICS countries) but China is fast catching up.

The European Union lags behind the United States, Japan and South Korea. The lead that these countries have has increased for South Korea, remained stable for the United States and decreased for Japan.

The United States and Japan are well ahead of the European Union on indicators relating to business activity and public-private cooperation: 'R&D expenditure in the business sector', 'Public-private co-publications', 'License and patent revenues from abroad' and 'PCT patent applications'. South Korea is increasingly outperforming the EU27 and is furthest ahead in R&D expenditure in the business sector.

The area of 'firm investments' includes two indicators of both R&D and non-R&D investments that firms make in order to generate innovations. The area of 'linkages and entrepreneurship' includes three indicators and measures entrepreneurial efforts and collaboration efforts among innovating firms and also with the public sector. The area of 'intellectual assets' captures different forms of Intellectual Property Rights (IPR) generated as a throughput in the innovation process. ■

### Focus on the business sector

The Innovation Union Scoreboard identifies the largest gap between the EU27 and its main competitors in the area of business sector innovation. With regard to this, another analytical tool produced by the European Commission, the Industrial R&D Investment Scoreboard, gives some interesting insight, by providing information on the world's top 1 400 companies (400 based in the European Union and 1 000 from outside) ranked by their investments in R&D.

In all, there are 15 European Union companies, 18 United States companies and 13 Japanese companies in the global top 50 companies in terms of total R&D investment.

Volkswagen (€6.3 billion) is the highest placed European Union company, in sixth place followed by Nokia (11th with €4.9 billion), Daimler (13th with €4.8 billion) and Sanofi-Aventis (14th with €4.4 billion).

More than two-thirds of the R&D investment of companies on the R&D Investment Scoreboard was made by firms located in the three biggest economies of the European Union: Germany, France and the UK.

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*The Sustainable Industry Low Carbon Initiative, or SILC, helps European energy-intensive manufacturing industries fuse economic and environmental goals by capitalising on greenhouse gas emission efficiency. As an EU grant scheme, SILC promotes the development of innovative measures to reduce carbon intensity and to create new markets and jobs. The objective is to ensure Europe's industrial competitiveness whilst combating climate change.*

The pricing of carbon emissions and rising natural resource prices make the Sustainable Industry Low Carbon initiative (SILC) a golden opportunity to increase efficiency. The SILC scheme not only helps the environment but also puts European industries on the inside track in the race to create sustainable growth.

'There will be no sustainability without competitiveness,' said European Commission Vice-President Antonio Tajani, when presenting the 'Integrated industrial policy for the globalisation era', 'and there will be no long-lasting competitiveness without sustainability. And there will be none of them without a quantum leap in innovation.'

Combining these goals ensures that European industries are competitive within and outside the European Union, simultaneously easing the global environmental impact of industries.

### **Fostering competitiveness and innovation**

The SILC initiative actively contributes to the objectives of the 'Europe 2020' growth strategy and its Industrial policy flagship initiative. It aims at creating prosperity whilst avoiding any adverse impact on the environment.

By choosing a two-step implementation mode for the SILC initiative, EU industries have the possibility to kick-start the most urgent actions nearly immediately (SILC I), whilst at the same time disposing of a perspective for necessary innovation measures which require longer development and lead times (SILC II). Under SILC, innovation measures will be developed by consortia of industrial stakeholders. The EU will shoulder up to 75% of the financial costs, thereby easing the strain of implementing and cultivating exploration for increased efficiency.

With its focus on fostering competitiveness and innovation, the SILC initiative must be seen in close relation to the EU Emissions Trading System, or EU



# PROJECTS FOR SUSTAINABLE COMPETITIVE INDUSTRY





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*‘There will be no sustainability without competitiveness, and there will be no long-lasting competitiveness without sustainability. And there will be none of them without a quantum leap in innovation.’*

ETS. As a cornerstone of the EU’s policies to combat climate change, the EU ETS builds upon a ‘cap and trade’ mechanism and creates incentives for energy-intensive industries to reduce greenhouse gas emissions. In this sense, the EU ETS rewards the deployment of innovative measures developed under SILC. These help to alleviate industries’ economic burdens while simultaneously creating new markets. Moreover, SILC comes at a time of rising production costs and increased degradation of the environment, making sustainable investments in the future imperative.

### Call for innovative projects

Under the current 2012 SILC I call, proposals can be submitted to the European Commission until 25 June 2012. This call and the forthcoming 2013 call deal with innovation measures which can be implemented in the short term for reducing the carbon-intensity in industrial installations and which typically do not require a long demonstration programme prior to their execution.

Innovation measures can be of a technological nature (such as waste heat recovery systems, alternative fuels, abatement techniques) or a non-technological nature (such as mapping of options for process improvements and tapping into alternative forms of finance for greenhouse gases reduction measures).

Any relevant documents and instructions for the submission of a proposal under SILC are available at the European Commission website. The next phase, SILC II, scheduled to run from 2014 to 2020, is designed to advance potential breakthroughs which require long-term validation prior to implementation. All together, the two phases of the SILC initiative will help improve short- and long-term competitiveness of EU industries while shifting the world in the right direction on climate change. These will drive industrial changes that accelerate productivity and exploit the business opportunities that result from the transition to a more sustainable, resource efficient and low carbon economy. ■

### SMEs benefit from SILC

It’s not just big companies that will benefit from SILC. Small and medium-sized enterprises, or SMEs, stand to gain as well.

According to recent Eurobarometer data, SMEs struggle more to comply with environmental legislation than large companies. The survey cites lack of expertise, lengthy approval procedures for new products and lack of consumer demand as primary roadblocks obstructing green patterns for SMEs.

SILC contributes to offsetting these problems by funding and facilitating innovations which therefore particularly benefit SMEs. As a matter of fact, SMEs will profit not only from implementing new resource-efficient technologies, but also from designing and manufacturing greener products demanded by the markets.

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# AND

## News in brief

### Car registration onus across EU BORDERS eased

A European Commission proposal should dramatically reduce administrative burdens for car hire companies and car owners who have to move their cars to another Member State. Due to the diversity of rules and the various conflicting requirements, the process currently takes around five weeks, costing some €400 a transaction. The proposal tackles very concrete issues, by easing paperwork for citizens who move residence to another EU country or for those who buy a second-hand car outside their home State. Car rental companies will be able to transfer cars to another EU country during holiday periods without re-registration, which should lead to car hire savings for citizens.



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Formalities for re-registering a car in another Member State will be reduced and many controls will be abolished, with authorities getting technical information on a car directly from colleagues in the country where it is already registered. In addition, it will be easier to track stolen vehicles as registration authorities will increasingly cooperate with each other. It will become impossible to register a stolen car in another EU country. Once approved by the European Parliament and the Council, the proposal would lead to a substantial administrative simplification with total savings of at least €1.5 billion per year for businesses, citizens and registration authorities.

## SMEs and green economy

SMEs contribute about 64% of the industrial pollution in Europe and they find it more difficult to comply with environmental legislation than large companies. The European Commission has published an extensive survey on the views and attitudes of SMEs towards resource efficiency and green markets. 93% of SMEs are taking at least one action to improve their resource-efficiency, mainly by reducing their energy consumption, minimising their waste and recycling. A total of 26% of EU small businesses offer green products or services (30% in the US) and a further 8% intend to enter these markets in the next two years. There is still a large untapped potential, with many companies offering their green catalogue mainly on their national market. The Eurobarometer survey, whose full results are available on Europa, also investigates green jobs, which represent around 13% of all SME jobs and are expected to expand with a rate of 35% in the next two years.



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## E-Skills and Jobs

Virtually all young people are familiar with electronic games and social networking and might be considered as 'digital natives', but they are not always 'digitally competent' in a business context. In March, the European Commission launched the European e-Skills Week 2012 to inform young people on how to acquire e-skills and find jobs in the digital economy. In spite of the economic crisis, the ICT workforce has continued to grow across Europe at a rate of 3% and, by 2015, 90% of all jobs will require e-skills. Jobs requiring a high level of education will rise from 25% to 31%. Yet Europe is suffering from a growing professional ICT shortage with a shortfall of as many as 700 000 professionals by 2015. 'Young people need to appreciate the professional aspects of the new digital world. I am worried, as supply has become a bottleneck for growth in the tech sector, creating a leaky pipeline that threatens to hamper European innovation and global competitiveness,' said European Commission Vice-President Antonio Tajani. 'This is more important than ever in the current economic context. And it is crucial to increase creativity which will favour entrepreneurship and new start-ups.'

## Best practice in administrative burden reduction

Recent measures to reduce accounting red tape for more than 5 million small companies have boosted achieving the target of a 25% reduction of administrative burdens in the EU by 2012. European Commission President José Manuel Barroso has welcomed the best practice report on administrative burden reduction and called on Member States to learn from each other. Produced by a High Level Group under the chairmanship of Dr. Edmund Stoiber, the report lists 74 examples – including initiatives on e-government, intelligent solutions in particular for small businesses and direct stakeholder involvement. Smart regulation, which is a shared responsibility of European Institutions and Member States, can significantly contribute to the competitiveness of businesses. The European Commission has already proposed measures that reduce administrative burdens by up to 33% or more than €40 billion and measures so far adopted amount to a 22% reduction.

## Galileo is right on track

Galileo, the European Union's global navigation satellite system (GNSS), continues to advance through important milestones. While the European GNSS Agency (GSA) is going to set up its headquarters in Prague, new contracts for satellites and launchers signed in the presence of European Commission Vice-President Tajani ensure that Galileo will deliver its first services in 2014 as planned. The potential benefits for the European industry and the economy at large are significant.



### Find out more...

For further information on recent activities and policy developments related to Enterprise and Industry, visit our website:  
[www.ec.europa.eu/enterprise](http://www.ec.europa.eu/enterprise)

## Upcoming events

### Exploring Europe's role in space

Under the title 'Discover what space brings to your life', the European Space Expo will open its doors in Toulouse between 25 and 28 June 2012. Taking place during the Toulouse Space Show, the event launched by the European Commission aims to give visitors an understanding of the value space and its applications add to their everyday life.

The Expo also aims to outline the European Union's role in space. Europe is expected to reap extensive economic benefits from satellite technology, not least due to the services and uses provided by the flagship programmes, Galileo, EGNOS and GMES.

The exhibition will open daily from 9.00 to 18.00 and admission is free of charge.

Five other cities will also have hosted the expo by 6 December.

- **Helsinki**  
17/21 August 2012
- **Brussels**  
25/30 September 2012
- **Vienna**  
22/26 October 2012
- **Cyprus – 2nd FP7 Space Conference**  
10/16 November 2012
- **London – European Space Solutions**  
1/6 December 2012





# Enterprise & Industry magazine

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In the online magazine you can find regular updates on EU policy development, legislative proposals and their implementation, as well as on reviews of regulation affecting enterprises. Its articles cover issues related to SMEs, competitiveness and environmental protection, entrepreneurship, innovation, the single market for goods, various industrial policies and more.

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